

PressRelease

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FOR IMMEDIATE RELEASE

Editor's Note: This news release outlines the position of the staff members of the Washington Utilities and Transportation Commission (WUTC). In formal proceedings, such as this case, commission staff function as an independent party. Opinions, testimony and settlement agreements proposed by the staff should not be confused with findings and decisions made by the three-member commission. After consideration of the record of evidence presented by all witnesses, the three-member panel will issue a signed, written order informing the parties and public of its decision. In this case, the commission also must decide whether the merger is jurisdictional and subject to its approval. The WUTC is expected to rule on this case by mid-year.

Staff announce settlement on consumer protection issues in Qwest/US West merger *Four statewide meetings scheduled to hear public comments*

OLYMPIA, Wash. - State utilities staff announced today customers will get a cap on overall regulated telephone rates, increased investment and credits for poor service under a settlement agreement in the proposed merger of US West, Inc. and Qwest Communications International.

Staff members of the Washington Utilities and Transportation Commission (WUTC) will present the suggested settlement proposal at four statewide public hearings. The meetings to hear customers' views are scheduled as follows:

- Second-floor hearing room of the commission's headquarters, 1300 S. Evergreen Park Dr. S.W. at 6 p.m. Thursday, March 16 in **Olympia**;
- Water Resources Education Center, 4600 S.E. Columbia Way at 6 p.m. Monday, April 10 in **Vancouver**;
- West Sound Technical Skills Center, 101 National Ave. N. at 6 p.m. Wednesday, April 12 in **Bremerton**;
- Building 17 Lounges A & B of Spokane Falls Community College, 3410 W. Fort George Wright Dr. at 5:30 p.m. Thursday, April 20 in **Spokane**.



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“We said that US West and Qwest must be willing to offer better service and more investment if this merger is to be approved and the companies are doing that with these commitments,” said Glenn Blackmon, assistant director for telecommunications. “The companies have addressed all the major areas of concern -- service quality, network investment and rate protections.”

The service and rate commitments were negotiated by Qwest, US West, the WUTC telecommunications staff and the Attorney General’s Office of Public Counsel. The agreement is not binding unless the three-member commission approves it and the two companies complete the merger transaction.

Under the four-way agreement, Qwest will have to refund up to \$20 million per year to customers based on eight service quality standards. The standards cover installing new phone lines and repairing existing lines quickly, answering customers’ calls promptly, avoiding “no dial tone” problems and responding promptly to consumer complaints.

“Putting \$20 million at risk to performance standards will give Qwest a big incentive to provide good service to US West customers here,” Blackmon said. “The company can avoid these charges entirely if it serves customers well, but it will take more effort and investment than US West has been making.”

The agreement provides multiple benefits for customers of US West once the company is acquired by Qwest:

- **More network investment** - Qwest will replace every outdated analog switch in Washington with digital switches and connect every central office to a fiber-optic network. This will help ensure that residential and business consumers in every town served by US West have access to data services and will improve the quality of standard voice service.
- **Clear backlog of unfilled orders** - Qwest will clear the current backlog of several hundred orders for standard telephone service and data lines by Oct. 1.
- **Consumer bill of rights** - Qwest will operate under a “consumer bill of rights” and will inform and protect the rights of customers to good service, courteous treatment and fair rates. Every year Qwest will report to customers on its service quality performance.

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- **Credits for dial-tone problems** - Qwest will give a full credit for all monthly charges to every customer in any office that has excessive “no dial tone” problems, such as those experienced by customers in Lake Forest Park, Shoreline and north Seattle last year.
- **Credits for repair problems** - Qwest will give a \$5 credit if it cannot restore a customer’s service within two working days, and it will give a full credit of all monthly charges if it takes more than a week to repair a line. Qwest also will give a 25-cent credit to every customer in any telephone exchange that has excessive numbers of service problems.
- **Cap on regulated rates** - Qwest is prohibited from increasing overall regulated telephone rates before 2004.

The settlement agreement does not address issues relating to US West’s treatment of its competitors. WUTC telecommunications staff is recommending that the commission order safeguards to ensure that customers can get access to telephone service offered by competing local companies. In particular, staff wants to make sure that Qwest does not block access to competitors’ advanced services, such as digital subscriber line and other data services.

The WUTC is expected to consider the settlement agreement, as well as unresolved competitive issues, in legal hearings that start March 13. A final decision on the merger is expected in early summer.

Qwest is the nation’s No. 4 long-distance carrier, headquartered in Denver, and employs about 64,000 worldwide. US West serves eight out of 10 local telephone customers in Washington for a total of 3 million residential and business phone lines. US West is one of the seven regional Bell operating companies created by the breakup of AT&T in 1984. The phone company serves 25 million customers in 14 Midwest and Western states.

If members of the public would like to comment but are unable to attend the public meetings, they may write to the secretary of the WUTC at P.O. Box 47250, Olympia, Wash. 98504-7250. Comments also may be sent via e-mail to the following address: comments@wutc.wa.gov

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Editor’s note: An electronic version of the proposed settlement agreement is available at the WUTC’s website: www.wutc.wa.gov/uswestmerger.